# DEPARTMENT OF REVENUE

*FY 2011-12 Cash Fund Transfer*

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## *Auto Dealers License Fund and Liquor Enforcement Division and State Licensing Authority Cash Fund*

**Name of Fund:** Auto Dealers License Fund #192
Liquor Enforcement Division and State Licensing Authority Cash Fund #236

**Purpose of Funds:**

The purpose of the Auto Dealers License Cash Fund is to pay for the direct and indirect expenses of the Motor Vehicle Dealer Licensing Board and the Auto Industry Division. The Motor Vehicle Dealer Licensing Board is responsible for licensing and regulating the sale and distribution of motor vehicles, and promulgating consumer protection regulations. These responsibilities include licensing all salespersons and those with ownership interests in new and used auto dealerships.

The purpose of the Liquor Enforcement Division and State Licensing Authority Cash Fund is to pay the expenses of the Liquor Enforcement Division. The Liquor Enforcement Division licenses persons who manufacture, import, distribute or sell alcoholic beverages, and regulates the sale and distribution of liquor within the State by promoting awareness of and enforcing the provision of Liquor, Beer and Special Events Codes.

**Projected End-of-Year Balance:**

**Table 1: Cash Fund Balance with Recommended Transfer for FY 2011-12**

| | **Auto Dealers License Fund** | **Liquor Enforcement Division and State Licensing Authority Cash Fund** |
|---|---|---|
| Beginning Projected Balance, July 1 FY 2011-12 | $1,011,369 | $703,750 |
| Plus Projected Revenue | $2,526,503 | $2,081,887 |
| Less Projected Mandatory Expenditures[2] | $2,732,341 | $2,331,108 |
| Equals Proposed Projected End of Year Balance | $805,531 | $454,529 |
| **Recommended Transfers** | **($500,000)** | **($150,000)** |
| **Projected End of Year Balance with Transfer** | **$305,531** | **$304,529** |

**Impact of Recommended Transfer:**

The Department operations will not be impacted by the funding changes. The Auto Dealers Board and the Liquor Enforcement Board review fees annually and make adjustments based on industry activity and enforcement activities.

**Assumptions and Tables to Show Calculations:**

Table 2: Auto Dealers License Fund two-year outlook

| **Fund 192** | **FY 10-11** | **FY 11-12** |
|---|---|---|
| Beginning Projected Balance, July 1 | $1,223,961 | $1,011,369 |
| Plus Projected Revenue | $2,526,503 | $2,526,503 |
| Less Projected Mandatory Expenditures | $2,739,095 | $2,732,341 |
| Equals Proposed Projected End of Year Balance | $1,011,369 | $805,531 |
| **Recommended Transfer** | **$0** | **($500,000)** |
| **Projected End of Year Balance with Transfer** | **$0** | **$305,531** |

- The fees for buyer's agent, auctions, dealers, wholesalers, sales persons and manufacturers are set and assessed by the Auto Dealers License Board.
- Industry activity in the recent past has been volatile. The Board revisits fees annually to ensure that fees cover the cost of operations and enforcement activity.
- A statute authorizing a transfer from the Auto Dealers License Fund to the General Fund would be required as existing statute directs that all funds shall be retained by the fund.

Table 3: Liquor Enforcement Division and State Licensing Authority Cash Fund two-year outlook

| **Fund 236** | **FY 10-11** | **FY 11-12** |
|---|---|---|
| Beginning Projected Balance, July 1 | $938,991 | $703,750 |
| Plus Projected Revenue | $2,081,887 | $2,081,887 |
| Less Projected Mandatory Expenditures | $2,317,128 | $2,331,108 |
| Equals Proposed Projected End of Year Balance | $703,750 | $454,529 |
| **Recommended Transfer** | **$0** | **($150,000)** |
| **Projected End of Year Balance with Transfer** | **$703,750** | **$304,529** |

- The fees for liquor applications, permits, and others for the sale and distribution of alcohol are set and assessed by the Liquor License Board.
- Industry activity in the recent past has been volatile. The Board revisits fees annually to ensure that fees cover the cost of operations and enforcement activity.
- A statute authorizing a transfer from the Liquor Enforcement Division and State Licensing Authority Cash Fund to the General Fund would be required as existing statute directs that all funds shall be retained by the fund.

**Current Statutory Authority and Needed Statutory Change:**

The following section would need to be amended to authorize the fund balance transfer from the Auto Dealers License Fund to the General Fund:

**Section 12-6-123. C.R.S. (2010) Disposition of fees - auto dealers license fund.**
(1) All moneys received under this part 1, except fines awarded pursuant to section 12-6-121.5, shall be deposited with the state treasurer by the department of revenue, subject to the provisions of section 24-35-101, C.R.S., together with a detailed statement of such receipts, and such funds deposited with the state treasurer shall constitute a fund to be known as the auto dealers license fund, which fund is hereby created and which shall be used under the direction of the board in the following manner:
(b) (II) Any money remaining in said fund on December 31, 1971, and at the close of each calendar year thereafter, after costs of administration of the law as provided in this part 1 shall remain in the auto dealers license fund to be used for educational and enforcement purposes as appropriated by the general assembly.

The following section would need to be amended to authorize the fund balance transfer from the Liquor Enforcement Division and State Licensing Authority Cash Fund to the General Fund:

**Section 24-35-401. C.R.S. (2010) Liquor enforcement division and state licensing authority cash fund.**
There is hereby created in the state treasury the liquor enforcement division and state licensing authority cash fund.
The fund shall consist of moneys transferred thereto in accordance with sections 12-46-105 (2) and 12-47-502 (1), C.R.S. The general assembly shall make annual appropriations from the fund for a portion of the direct and indirect costs of the liquor enforcement division and the state licensing authority in the administration and enforcement of articles 46, 47, and 48 of title 12, C.R.S. Any money remaining in the fund at the end of each fiscal year shall remain in the fund and shall not revert to the general fund or any other fund. The fund shall be maintained in accordance with section 24-75-402.